



UN Global Compact Board Meeting Report 20-21 June 2012

The UN Global Compact Board met during the UN Conference on Sustainable Development – Rio+20 on 20-21 June 2012. UN Secretary-General Ban Ki-moon, chair of the Board, received the document outlining the full set of outcomes from the Rio+20 Corporate Sustainability Forum, held from 15-18 June.

The meeting was chaired by Sir Mark Moody-Stuart, Vice-Chair of the Board and Chair of the Foundation for the Global Compact, on behalf of the Secretary-General. Discussion focused on a review of the Global Compact’s strategic priorities, including taking the initiative to scale; the participation of non-business stakeholders and integrity measures. Following is a summary of the Board’s discussion and key outcomes.

Introduction and Report from the Executive Director of the Global Compact Office – Review of Rio+20 Corporate Sustainability Forum

Background

Georg Kell, Executive Director of the Global Compact Office, presented the key outcomes of the Rio+20 Corporate Sustainability Forum and BASD Business Day. The Board was presented with “Rio+20 Corporate Sustainability Forum: Overview and Outcomes” for review. ([View document](#).)

Discussion

Mr. Kell highlighted the voluntary individual and collective commitments and actions by business to advance sustainable development made at the Forum. He suggested that these demonstrate that corporate sustainability is gaining momentum and that the business case for integrating environmental, social and governance (ESG) issues into strategy and operations is increasing. Mr. Kell asked the Board for advice on how best to build upon this momentum, and presented key messages from the Forum. (See Appendix C)

Board members reflected on their experiences at the Forum and Business Day and provided their perspectives on the key outcomes and action items:

- The Board welcomed “Rio+20 Corporate Sustainability Forum: Overview and Outcomes” and emphasized the importance of capturing the Forum’s outcomes and making them accessible to the general public and policymakers, as well as Global Compact participants and Local Networks. (Gopalakrishnan, Moody-Stuart and Wilton)
- Board members were encouraged by the active engagement of, and new innovations presented by, companies with respect to corporate sustainability across all ten principles and UN goals, as well as the widespread collaboration and dialogue between business, Governments, civil society and other stakeholders. (Sané, de la Mota)

- Board members called upon Governments to improve the enabling environment for corporate sustainability, as well as to practice corporate sustainability themselves as major owners of companies and purchasers of goods and services. (de la Mota, Hägglund, Labelle, Sané)
- The Board highlighted that Global Compact companies are already transforming markets, including through commitments announced at the Forum, and emphasized that the need to scale up these activities remains evident. One multiplier for this transformation will be the dissemination and implementation of corporate sustainability best practices and frameworks through the Local Networks. (di Piazza, Polman, Gopalakrishnan)

Outcomes/Actions

- The Board agreed to maintain the momentum generated at the Forum and encouraged the Global Compact Office to do the same.
- The Board will identify key action items coming out of the Forum and will consider forming working groups to address them.

Agenda Item 1: Review of Progress on Integrity Measures

Background

The Board was provided with the “Progress Report on Integrity Measures including Special Supplement”, which discusses the three main Global Compact Integrity Measures: (1) the Communication on Progress (COP); (2) logo policy and brand management; and (3) the facilitation of dialogue on alleged systematic and egregious abuse. These measures aim to motivate participants to continuously improve implementation of the Global Compact principles and to preserve the credibility of the initiative and the UN more broadly. The Board was asked to consider whether participation in a Global Compact Local Network should be added to the criteria for use of the Global Compact endorser (“we support”) logo.

Discussion

- Regarding the proposal to require Local Network participation for use of the endorser logo, it was suggested that the Global Compact Office consult bilaterally with representatives from multinational corporations, as they likely have had to consider similar issues. (Labelle)
- Board members highlighted the importance of keeping the COP requirements straightforward and simple, particularly for smaller companies. (Hägglund, di Piazza, Vasudeva)
- It was noted that the COP requirements should continue to be aligned with existing global reporting frameworks. (Hägglund)

Outcomes/Actions

- The Board deferred to the next meeting the decision on whether Local Network participation should be among the criteria for use of the Global Compact endorser logo.

Agenda Item 2: Review of the Proposal on Non-Business Stakeholder Participation in the Global Compact

Background

Building on discussion from the December 2011 Global Compact Board Meeting, the Board was asked to consider a proposed policy and procedure requiring reporting from non-business Global Compact participants, as outlined in the “Note on the Global Compact Policy on Non-Business Participation in the UN Global Compact”. The rationale provided is concern by the Global Compact Office and Local Networks that the lack of clear expectations and reporting requirements can lead to misuse of the non-business category and fails to maximize the value of this stakeholder group to the initiative.

Discussion

- Board members emphasized that non-business entities cannot be expected to report at the same scale as companies. In addition to resource constraints, often these organizations have narrow mandates and lack expertise to report on areas outside of their focus. (Wilton, Labelle)
- It was proposed that Local Networks be leveraged to support implementation of the non-business reporting requirement. (Galaev)
- The importance of effectively communicating the new policy to non-business entities, including the rationale for the policy change, was emphasized. (Gopalakrishnan)

Outcomes/Actions

- The Board agreed to defer the decision on the details of the non-business disclosure requirement to the December 2012 meeting.

Agenda Item 3: Review of the Global Compact Board’s Strategic Priorities including Board Members’ Roles as Champions & Brief Update on Progress on Taking the Global Compact to Scale

Background

The Rio+20 Corporate Sustainability Forum provided significant political momentum for corporate sustainability as well as the opportunity to reach out to companies that have not yet joined the Global Compact. Moving forward, increased efforts will be made to realize the goal set by the UN Secretary-General of reaching 20,000 Global Compact participants by 2020.

The Board was presented with the “Note on the Need for a Review of Global Compact Office Priorities” and asked by the Global Compact Office to provide advice on how to best adapt to the objective of reaching scale while assuring that the core elements of the initiative – embedding principle-based corporate sustainability into businesses operations around the world – are retained and nurtured.

Discussion

- Board members emphasized leveraging Global Compact Local Networks to reach scale, as they have enormous potential to drive membership and support small- and medium-sized enterprises

(SMEs). The Board noted that providing networks with training and support, and considering the unique context of each, will be critical. Strategies for engaging Local Networks could be modelled after approaches taken by multinational corporations with global franchises. (de la Mota, di Piazza, Galaev, Hägglund, Labelle, Vasudeva and Wilton)

- The Board also recognized the key contribution of the Global Compact to the Secretary-General's work and the importance of continuing to support existing and new initiatives which would benefit from private sector engagement. Board members recommended that a strategic review should consider how the Global Compact can balance supporting the Secretary-General while retaining its capacity to work with participants to implement the ten principles. (de La Mota, de Greiff, di Piazza, Fu, Hägglund, Labelle, Marton-Lefèvre, Moody-Stuart, Wilton)

Outcomes/Actions

- The Board called for the Global Compact Office to undertake a strategic review process structured around three core areas:
 1. Understanding the impact of Global Compact issue areas and prioritizing accordingly;
 2. Exploring how the Global Compact can better support the UN Secretary-General's priorities; and
 3. Strengthening the capacity of Global Compact Local Networks.
- The strategic review process should involve internal retreats and consultations with strategic partners, including Board members, Local Networks, Governments and other key stakeholders. An update on this process should be presented to the Board at the December 2012 meeting.

Agenda Item 4: Update from the Foundation for the Global Compact

Sir Mark Moody-Stuart provided a brief update on the activities of the Foundation for the Global Compact including its ongoing fundraising efforts. The Foundation funded the majority of the Rio+20 Corporate Sustainability Forum budget, much of which was recovered through sponsorships and participation fees. The Foundation aims to increase the number of participants that contribute annually.

Agenda Item 5: UN Secretary-General Addresses the Global Compact Board of Directors

Background

United Nations Secretary-General Ban Ki-moon, Chair of the Global Compact Board, joined the meeting to discuss the progress of the Global Compact and the broader UN-business agenda. The Secretary-General's remarks were followed by brief interventions by several Board members.

Remarks

The Secretary-General welcomed new members of the Global Compact Board and thanked continuing members for their service. He recognized the accomplishments of the Global Compact, emphasizing the essential role of business in contributing to sustainable development moving forward. The Secretary-General also highlighted the importance of the Local Networks to increasing the scale and quality of corporate sustainability practices, and noted the recent introduction of the Global Compact in Myanmar. The Secretary-General emphasized that the future success of the Global Compact will require increasing both the number and quality of participants and networks.

The Secretary-General asked the Global Compact Board to explore additional ways for the initiative to support key UN goals, and pointed to the Global Compact's work to advance his Sustainable Energy for All initiative as a good example.

Recalling the goal of Rio+20 to create a "dual model" for development – one that rejects the belief that there is a trade-off between development and the environment – the Secretary-General called on Governments along with businesses to grow economies and accelerate social progress while respecting natural resources. He noted that the Rio+20 Corporate Sustainability Forum exemplified the ability of business to grow and innovate in sustainable ways.

The Secretary-General urged that economic growth should be inclusive, and noted that the organizations involved in the Rio+20 Corporate Sustainability Forum and the Global Compact are trying to lead by example through alignment with broader UN goals. Finally, he stressed that Board members have a responsibility to lead by example on sustainability. ([Read full remarks.](#))

Discussion

- Sir Mark Moody-Stuart provided an update on the Board's discussion and key outcomes, including the call for the Global Compact Office to undertake a strategic review process. He then called on select Board members to address the Global Compact.
- Sam DiPiazza noted the significant progress in corporate sustainability over the last several years as the concept has transformed from a moral objective to a business objective. He stated that businesses are not only ready to lead in this arena, but they are already making progress as demonstrated at the Rio+20 Corporate Sustainability Forum.
- Andrei Galaev expressed the need for Governments to encourage corporate sustainability, particularly in countries where Government visibility is important. He promised to share lessons learned during the Rio+20 Corporate Sustainability Forum with the Local Network in Russia.
- Sudhir Vasudeva pledged to focus on increasing public-private collaboration within the India network and invited the Secretary-General to address companies in the network.
- Martha Tilaar called attention to education as a key to gender equality and noted that her company takes an active role in empowering women in developing markets.

Outcomes/Actions

- The Secretary-General called on the Board to continue to build and support collaboration by business with civil society and Governments as part of the Global Compact's future strategy.
- The Board was asked to focus on both increasing the number of Global Compact participants, as well as the quality and integrity of participation and networks.

High-Level Luncheon with Government Representatives and Global Compact Board Members

Background

Leaders from Governments, business, civil society and the United Nations were invited to a high-level luncheon with the Global Compact Board where the Secretary-General was presented with [“Rio+20 Corporate Sustainability Forum: Overview and Outcomes”](#). The document is a blueprint for engaging the private sector and investors toward sustainable development, and calls on Governments to take steps to support corporate sustainability globally.

Presentation of “Rio+20 Corporate Sustainability Forum: Overview and Outcomes”

Business representatives from Global Compact companies provided brief remarks on key issues and recommendations that emerged from the Rio+20 Corporate Sustainability Forum.

- Fu Chengyu, Global Compact Board Member and Chairman of Sinopec Group, stated that the Rio+20 Corporate Sustainability Forum showed that businesses are more committed to sustainable development than ever before. He believes continued progress by business will inspire Governments to do more to support corporate sustainability.
- Giuseppe Recchi, Chairman of the Board of ENI, described the Sustainable Energy for All initiative as an example, among others, of how businesses are collaborating with regulators and Governments to meet priority UN goals. He called on companies to proactively engage with Governments in each country where they operate.
- Paul Polman, Global Compact Board Member and Chief Executive Officer of Unilever, highlighted the enormous participation from business in support of sustainable development at the Forum and the momentum for further action generated. However, he noted that business cannot contribute to sustainable development alone, and as a result, Global Compact companies are committed to creating future partnerships with the UN and the public sector.
- Monica de Greiff, Global Compact Board Member and Chief Executive Officer of Grupo Energia de Bogota, stressed that business is willing and able to support the UN in the development of the Sustainable Development Goals (SDGs), as demonstrated by business representatives who voted to support the SDGs during the “Compact for Rio” Closing Plenary of the Rio+20 Corporate Sustainability Forum.
- The Secretary-General was presented with “Rio+20 Corporate Sustainability Forum Overview and Outcomes”. He described the Forum as an example of how the Global Compact and other business-led initiatives have been demonstrating leadership on the global sustainable development agenda. He reiterated the need for Governments to enable corporate sustainability, noting that their role is to make appropriate policies. The Secretary-General emphasized that without the support of the business community, Governments and the UN will struggle to make significant progress toward sustainable development. Thus, he pledged continued support for the Global Compact to help realize the goals of Rio+20. ([Read full remarks.](#))

Government Response to Rio+20 Corporate Sustainability Forum Outcomes

- H.E. Miguel Arias Cañete, Minister of Agriculture, Food & Environment of the Government of Spain, advocated for greater company engagement with Governments to contribute to the sustainable development agenda and expressed the support of the Spanish Government for corporate sustainability principles as exemplified by the Global Compact.

- H.E. Gunilla Carlsson, Minister for International Development Cooperation of the Government of Sweden, expressed Sweden's support for the Global Compact and encouraged business to act as a catalyst for Government and civil society action. She also recognized the Global Compact as a necessary "bridge-builder" between the UN and the rest of the world, including politicians and civil society.
- H.E. Villy Søvndal, Minister of Foreign Affairs of the Government of Denmark, stressed the need for Governments to set ambitious sustainability targets to encourage companies and NGOs to invest the appropriate time and money to achieve them. He encouraged companies to participate in the upcoming summit in Copenhagen during October 2012 to help further the progress made during the Rio+20 Corporate Sustainability Forum.
- H.E. Heidi Hautala, Minister for International Development of the Government of Finland, highlighted the significance of the reference to corporate sustainability reporting included in the Rio+20 Outcome Document. She also discussed the importance of foreign direct investment – in addition to official development assistance – to spur sustainable development.
- H.E. Hans-Jürgen Beerfeltz, Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development of the Government of Germany noted Germany's support for green and inclusive business models requiring input and contributions from the base of the pyramid and identified Global Compact Local Networks as important contributors to these models.

Additional Remarks

Global Compact Board Members along with other business, Government, civil society and UN leaders then engaged in a dialogue on policy incentives for corporate sustainability.

- Wolfgang Engshuber, Global Compact Board Member Ex-Officio and Chairman of the Board of the Principles for Responsible Investment (PRI), noted that PRI will use the "Rio+20 Corporate Sustainability Forum: Overview and Outcomes" document as a framework for its discussions on sustainable development.
- Lord Michael Hastings, Global Head of Corporate Citizenship and Diversity at KPMG International, noted that while business participation was evident during the Rio+20 Corporate Sustainability Forum, it was a side event to the UN Conference. In order for business to contribute more fully, a conference should be convened with business having an equal seat at the table with Governments and civil society.
- Huguette Labelle, Global Compact Board Member and Chair of Transparency International, discussed the need for sustainability standards, noting that a lack of standards is not an excuse for inaction. She emphasized that the Global Compact ten principles should be used as a framework for developing future sustainability objectives.
- Lise Kingo, Executive Vice President and Group Chief of Staff of Novo Nordisk, stressed the increasing health impacts of unsustainable global practices and the need for more focus on this connection.

Outcomes/Actions

- "Rio+20 Corporate Sustainability Forum: Overview and Outcomes" was formally presented to the Secretary-General by members of the Global Compact Board.

Appendix A: Members of the Global Compact Board

Chair

H.E. Ban Ki-moon, Secretary-General of the United Nations

Vice Chair

Sir Mark Moody-Stuart (Ex Officio), Chairman, Foundation for the Global Compact

Business

Mr. Toshio Arima, Director and Executive Advisor to the Board, Fuji Xerox, Japan*

Mr. Kurt W. Bock, Chairman of the Board, BASF SE, Germany*

Ms. Marilyn Carlson-Nelson, Chairperson, Carlson, USA*

Mr. Fernando Chico Pardo, President, Grupo Aeroportuario del Sureste (ASUR), Mexico*

Mr. Robert Collymore, Chief Executive Officer, Safaricom Limited, Kenya*

Ms. Monica de Greiff, Chief Executive Officer, Grupo Energia de Bogota, Colombia

Mr. Samuel di Piazza, Vice Chair, Institutional Clients Group, Citi, USA

Mr. Fu Chengyu, Chairman, Sinopec Group, China

Mr. Andrei Galaev, Chief Executive Officer, Sakhalin Energy Investment Company Ltd., Russia

Mr. S. Gopalakrishnan, Executive Co-Chairman, Infosys, India

Mr. Björn Hägglund, Member of the Board, Alfa Laval AB, Sweden

Mr. Charles O. Holliday, Chairman of the Board, Bank of America Corporation, United States

Mr. Li Decheng, Standing Vice President and Director General, China Enterprise Confederation/China Enterprise Directors Association

Mr. Elias Masilela, Chief Executive Officer, Public Investment Corporation, South Africa

Mr. Arif Masood Naqvi, Vice Chairman and Group Chief Executive Officer, Abraaj Capital Holdings Limited, UAE

Mr. Paul Polman, Chief Executive Officer, Unilever, United Kingdom

Ms. Güler Sabanci, Chairperson, Sabanci Holding, Turkey

Ms. Maria das Gracas Silva Foster, President and Chief Executive Officer, Petrobras, Brazil

Ms. Martha Tilaar, Chairperson, Marthar Tilaar Group, Indonesia

Mr. Sudhir Vasudeva, Chairman and Managing Director, Oil and Natural Gas Corporation (ONGC) Ltd., India

International Labour and Business Organizations

Mr. Jean-Guy Carrier, Secretary-General, International Chamber of Commerce*

Mr. Philip Jennings, General Secretary, UNI Global Union*

Mr. Manfred Warda, General Secretary, International Federation of Chemical, Energy, Mine and General Workers' Unions*

Mr. Brent Wilton, Secretary-General, International Organisation of Employers

Civil Society

Mr. Jorge Abrahão, President, Instituto Ethos de Empresas e Responsabilidade Social

Ms. Huguette Labelle, Chair, Transparency International

Ms. Julia Marton-Lefèvre, Director-General, International Union for Conservation of Nature

Mr. Pierre Sané, President, Imagine Africa International

Other Ex-Officio

Mr. Wolfgang Engshuber, Chair of the Board, Principles for Responsible for Investment

Mr. Georg Kell, Executive Director, UN Global Compact Office

*Not present at 20-21 June 2012 Board meeting.

Appendix B: Attendees of High-Level Luncheon with Government Representatives and Global Compact Board Members

Global Compact Board

H.E. Mr. BAN Ki-moon	Secretary-General	United Nations
Mr. Jorge Abrahao	President	Ethos Institute
Ms. Monica De Greiff	Chief Executive Officer	Grupo de Energia de Bogota
Mr. Juan de la Mota	President	Global Compact Spanish Network
Mr. Samuel Di Piazza	Vice Chairman, Institutional Clients Group	Citi
Mr. Chengyu Fu	Chairman	SINOPEC
Mr. Wolfgang Engshuber	Chairman	Principles for Responsible Investment
Mr. Andrei Galaev	Chairman & Chief Executive Officer	Sakhalin Energy
Mr. Kris Gopalakrishnan	Executive Co-Chairperson	Infosys
Mr. Björn Hägglund	Member of the Board	Alfa Laval
Ms. Huguette Labelle	Chair of the Board of Directors	Transparency International
Mr. Decheng Li	Executive Vice President	China Enterprise Confederation
Ms. Maria das Graças Foster	President & Chief Executive Officer	Petrobras
Ms. Julia Marton-Lefevre	Director-General	ICUN
Sir Mark Moody-Stuart	Vice Chairman	UN Global Compact Board
Mr. Paul Polman	Chief Executive Officer	Unilever
Ms. Martha Tilaar	Founder & Chairperson	Martha Tilaar Group
Mr. Georg Kell	Executive Director	UN Global Compact
Mr. Sudhir Vasudeva	Chairman & Managing Director	Oil and Natural Gas Corporation
Mr. Brent Wilton	Secretary-General	IOE

Global Compact LEAD Companies

Ms. Eleanor Chan	Group Chief Executive Officer	China NTG
Mr. Jonathan Chan	Managing Director	Aequitas Resources Holdings.
Mr. Malcolm Preston	Global Chief Executive Officer, Sustainable Business	PWC
Ms. Bea Perez	Chief Sustainability Officer	Coca-Cola Company
Mr. Brian Dames	Chief Executive Officer	ESKOM
Mr. Giuseppe Recchi	Chairman of the Board	ENI
Mr. Paolo Andrea	Chairman of the Board	Enel
Ms. Carmen Becerril	President	Acciona Energy
Mr. Feike Sijbesma	Chief Executive Officer & Chairman Managing Board	DSM
Mr. William D. Green	Executive Chairman	Accenture
Lord Michael Hastings	Global Head of Corporate Citizenship and Diversity	KPMG
Ms. Lisa Kingo	Group Chief of Staff	Novo Nordisk

Governments

H.E. Villy Svndal	Minister of Foreign Affairs	Denmark
H.E. Heidi Hautala	Minister for International Development	Finland
H.E. Hans-Jürgen Beerfeltz	Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development	Germany
H.E. Miguel Arias Cañete	Minister of Agriculture, Food & Environment	Spain
H.E. Manuel Bessler	Vice-Director Swiss Agency for Development and Cooperation and	Switzerland

	Head of the Swiss Humanitarian Aid Unit	
H.E. Gunila Carlsson	Minister for International Development Cooperation	Sweden
H.E. Sultan Al-Jaber	Special Envoy for Energy and Climate Change	United Arab Emirates

United Nations

Ms. Ertharin Cousin	Executive Director	World Food Programme (WFP)
Dr. Babatunde Osotimehin	Executive Director	United Nations Population Fund (UNFPA)
Dr. Kandeh Yumkella	Director-General	United Nations Industrial Development Organization (UNIDO)

Appendix C: Key Messages from the Rio+20 Corporate Sustainability Forum

1. The Rio+20 Corporate Sustainability Forum and BASD Business Day prove that the private sector is willing to be part of the solution and is moving ahead with force, not waiting for Governments. Corporate innovation and collaboration on sustainability are gaining pace, with 200 commitments to action announced by business at the Forum – each of which will be reported on and tracked. These commitments exemplify a larger effort underway by thousands of businesses and other organizations around the world that are integrating sustainability into their day-to-day work.
2. Business has expressed support for the Sustainable Development Goals, with approximately 1,000 executives at the Forum indicating their desire to work with Governments in setting goals and targets – seeing the SDGs as a driving force to move sustainability ahead.
3. Our hope is that the Corporate Sustainability Forum provides inspiration and encouragement to Governments to transition to a green economy, and to take steps to support responsible business practices globally. The outcome document of the Rio+20 Corporate Sustainability Forum contains dozens of specific policy recommendations for Government on priority issues, including energy, climate, water, agriculture, social development, urbanization and finance.
4. We must take this energy from Rio and bring corporate sustainability to the next level. We need companies everywhere to deliver value not just financially – but also in social, environmental and ethical terms – and to report publicly on progress. Going to scale is our task leaving Rio.